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Panel on Welfare Services

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 19 April 2021**

**Annual briefing on welfare facility projects
funded by the Lotteries Fund**

Purpose

This paper provides background information and gives a brief account of past discussions of the Panel on Welfare Services ("the Panel") on the annual briefing on welfare facility projects funded by the Lotteries Fund ("LF").

Background

2. LF was established in June 1965 by resolution of the Legislative Council ("LegCo") for the purpose of financing social welfare services by grants, loans and advances. According to section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to appropriate monies from LF for the above purpose. Subject to certain conditions, authority to approve allocations from LF has been delegated to the Director of Social Welfare who is the Controlling Officer for LF, acting on the advice of the Lotteries Fund Advisory Committee¹ and where necessary, the Social Welfare Advisory Committee².

¹ The Social Welfare Department ("SWD") vets and examines the funding applications under LF in detail in consultation with relevant bureaux or government departments. Each of the funding proposal supported has to be endorsed by the Lotteries Fund Advisory Committee, which is appointed by the Secretary for Labour and Welfare with membership drawn from the social welfare, education and business sectors and the Director of Social Welfare as the Chairman.

² Social Welfare Advisory Committee is a high-level body appointed by the Chief

3. Separately, two phases of Special Scheme on Privately Owned Sites for Welfare Uses ("the Special Site Scheme") were launched in September 2013 and April 2019 respectively to encourage non-governmental organizations ("NGOs") to provide or increase on their own sites, through expansion, redevelopment or new development, those welfare facilities considered by the Administration as being in acute demand.³ Flexible funding arrangements under LF were provided for the approved applications, including those for welfare-related ancillary facilities, technical feasibility studies, decanting costs, as well as capital works of self-financing projects, etc.

4. Total receipts of LF for the 2019-2020 financial year were \$1,910 million, with 61% from proceeds of the Mark Six Lottery, 36% from investment income and 3% from net proceeds of auctions of vehicle registration marks and donations. LF is primarily used to finance the capital expenditure of welfare projects and provide one-off grants to experimental projects of limited duration.⁴ For the 2019-2020 financial year, allocations amounting to \$5,740 million were made from LF for elderly services (58.16%), social welfare support (24.02%), rehabilitation (12.24%), family and child welfare (3.66%), services for young people (1.83%), services for offenders (0.06%) and community development (0.03%). Total payments for the year amounted to \$2,432 million. There was a deficit in the year of \$522 million which reduced the total balance of LF to \$23,340 million.

Executive to advise the Government on all matters of social welfare policy and keep social welfare services under continuous review. Its membership covers a wide spectrum, including social welfare, academia, business and professional fields. If a new type of social welfare services outside the approved scope is involved in a funding application under LF, the Director of Social Welfare will need to consult the Committee.

³ Elderly and rehabilitation service places were considered to be in particular acute demand under phase one of the Special Site Scheme, whereas elderly, rehabilitation and child care service places were considered to be in particular acute demand under phase two of the Special Site Scheme.

⁴ They cover: (a) non-recurrent expenditure for construction, fitting-out, renovations, purchase of furniture and equipment for premises providing social welfare services; (b) non-recurrent expenses incurred by organizations running services subvented by SWD on routine repairs and maintenance works as well as replenishment of furniture and equipment; and (c) time-limited expenditure (e.g. staff and operating expenses) provided the project concerned is of limited duration and is innovative in nature, not exceeding four years, on experimental projects, surveys or studies for enhancing the support to social welfare services.

5. With the agreement of the Panel, the Administration has since 2018 briefed the Panel annually on those welfare facility projects planned for funding by LF in the coming year which have an estimated recurrent cost exceeding the pre-defined threshold of \$10 million. According to the Administration, the annual briefing aimed to provide the Panel with early information on the annual implementation timetable for LF-funded projects and the overall plan. Updated information on projects included in the previous annual briefing would also be provided to enable the Panel to keep track of their latest development.

Deliberations of the Panel

6. The Panel received annual briefings on the welfare facility projects which the Administration planned to seek funding from LF in the 2018-2019, 2019-2020 and 2020-2021 financial years at its meeting on 9 July 2018, 15 April 2019 and 11 May 2020 respectively. The deliberations and concerns of members are summarized in the following paragraphs.

Implementation progress of welfare facility projects

7. Members expressed concern about the lengthy process of implementing LF-funded welfare facility projects. Taking the view that the requirement for NGOs to apply for funding item by item might prolong the implementation process of welfare facility projects, they suggested that a lump-sum funding mode should be adopted for large-scale welfare facility projects. The Administration advised that as construction of welfare facilities involved land uses, considerable time was required for collaboration among various bureaux/departments and the conduct of technical feasibility studies. In addition, different funding modes had been adopted for different types of construction projects under LF. Allocation of fund on an item-by-item basis was not applicable to construction projects undertaken by private developers, the Housing Department and the Architectural Services Department. The Administration would, however, look into the funding arrangements for projects under the Special Site Scheme having regard to members' view.

8. Some members expressed particular concern that the delay in the provision of welfare facilities in new public rental housing ("PRH") estates, particularly those located at remote areas, had a profound impact on local residents. Noting that the time gap between the provision of welfare facilities and resident intake in new PRH estates had become wider in

recent years, they called on the Administration to address the problem. The Administration advised that it would continue to explore scope for enhancing inter-departmental coordination when planning for the construction of welfare facilities in new PRH estates in order to speed up the provision of such facilities. Subject to the approval of the Finance Committee ("FC") of LegCo, the creation of the post of Assistant Director (Planning and Development) to head a new Planning and Development Branch of SWD would, among others, strengthen the planning, coordination and implementation of capital works projects of welfare premises.

9. The Panel passed a motion at its meeting on 11 May 2020 urging the Administration to review the procedures for implementing LF-funded projects comprehensively so that social welfare initiatives which had been under planning for years, especially projects related to elderly and rehabilitation services, could be implemented and commissioned as soon as possible.

Planning for provision of welfare facilities

10. There was a view that the Administration should provide as many welfare service places as possible under new PRH projects to better meet the service demand of society as a whole. Noting that the LF-funded welfare facilities proposed by the Administration were mainly for elderly services, some members considered that the provision of other services (e.g. hostels for mentally handicapped persons) should be increased to meet the service demand.

11. The Administration explained that in planning for the provision of welfare facilities, it had to take into account a basket of factors including the constraints in the redevelopment projects, balance between the supply of domestic and non-domestic flats in PRH estates, the cost-effectiveness of providing relevant welfare facilities, and the use and size of the premises or the site concerned. In general, more service places could be provided in new development areas or private development projects. The Administration further advised that the population-based planning ratios in respect of elderly services and facilities had been reinstated in the Hong Kong Planning Standards and Guidelines ("HKPSG"), and the planning ratios for long-term residential care and community care services would also be incorporated into HKPSG as recommended in the Persons with Disabilities and Rehabilitation Programme Plan released on 3 July 2020. The inclusion of these planning ratios in HKPSG would facilitate the Administration to reserve sites and premises in new development projects

for the provision of elderly services and rehabilitation services for persons with disabilities.

Ratio of subsidized to self-financing residential care places for the elderly

12. Members noted that since 2015, a provision had been included in service contracts to allow the Administration to adjust the ratio of subsidized to non-subsidized places ("the ratio") in contract residential care homes for the elderly ("RCHEs") having regard to the demand for and supply of such places in the community. In the light of the acute shortage of subsidized residential care places for the elderly, they were of the view that the Administration should cease to adopt the ratio of 6:4 in contract RCHEs.

13. The Administration advised that SWD would set the optimal ratio for newly-built contract RCHEs one or two years before completion of construction, taking into account a number of factors, including the provision and utilization of non-subsidized places of the RCHEs in the vicinity, the socio-economic situations of the locality where the contract RCHEs were located, etc. As at end-March 2020, 18 out of the 34 contract RCHEs currently in operation had a ratio of higher than 6:4. There were 28 contract RCHEs funded by LF for construction which had yet to commence operation. Amongst them, five of them had the ratio already confirmed to be higher than 6:4. For the remaining 23 contract RCHEs which were still under planning, the ratio would be set by SWD in accordance with the aforesaid principles.

Arrangements for stakeholders affected by the redevelopment projects

14. Some members were concerned about the decanting arrangements for service users affected by redevelopment projects. They called on the Administration to provide the NGOs concerned with support for solving problems arising from redevelopment of their welfare facilities and funding for making decanting arrangements. According to the Administration, in case NGOs were required to rent premises as temporary reprovisioning, the expenditure incurred in services relocation and fitting-out works for the temporary premises would be covered by LF provision. LF provision might also be used to meet the expenses on rent and rates of the temporary premises in warranted cases.

15. Some members urged the Administration to establish a mechanism under which NGOs were required to enhance the transparency of their redevelopment projects and consult stakeholders on the projects at the

initial stage. They suggested that NGOs should involve stakeholders in decision-making process. The Administration advised that under the existing quality monitoring mechanism, NGOs were required to collect views from service users affected by the redevelopment projects. Given that some NGOs might revise their project proposals, the Administration would discuss with NGOs the suitable timing of consultation with staff members, service users and their family members affected by the projects.

Latest development

16. The proposal to create the permanent directorate post, to be designated as Assistant Director (Planning and Development), in SWD as referred to in paragraph 8 above was approved by FC at its meeting on 30 June 2020.

Relevant papers

17. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
15 April 2021

Appendix

Relevant papers on annual briefing on welfare facility projects funded by the Lotteries Fund

Committee	Date of meeting	Paper
Panel on Welfare Services	9 July 2018 (Item III)	Agenda Minutes
	15 April 2019 (Item V)	Agenda Minutes
	11 May 2020 (Item IV)	Agenda Minutes CB(2)1158/19-20(01)

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